

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CHRISTIAN COUNTY)	
WATER DISTRICT TO ISSUE SECURITIES)	
IN THE APPROXIMATE PRINCIPAL AMOUNT)	CASE NO. 2005-00391
OF \$3,305,000 FOR THE PURPOSE OF REFUNDING))	
CERTAIN OUTSTANDING REVENUE BONDS OF)	
THE DISTRICT PURSUANT TO THE PROVISIONS)	
OF KRS 278.300)	

ORDER

On September 23, 2005, Christian County Water District (“Christian”) submitted its application seeking Commission authority to obtain a Kentucky Rural Water Finance Corporation (“KRWFC”) loan in the amount of \$3,305,000, subject to an adjustment of up to 10 percent. Christian estimates the KRWFC loan will have a 25-year term with an effective variable interest rate of 3 to 4.55 percent per annum. However, Christian states that the KRWFC loan may vary from the present assumptions based upon market conditions and other business judgment factors.

As part of its application, Christian moves for a deviation from the provision of Administrative Regulation 807 KAR 5:001, Section 6, requiring that, “[w]henever in these rules it is provided that a financial exhibit shall be annexed to the application, the said exhibit shall cover operations for a twelve (12) month period, said period ending not more than ninety (90) days prior to the date the application is filed.” However, Section 14 of that regulation permits a deviation upon the showing of good cause.

In support of its request, Christian states that there has been no change that is material in nature in the financial condition or operation of Christian since December 31, 2004. In its application, Christian uses the financial data for the 12-month period ending December 31, 2004, the most recent published financial data available. Furthermore, because of the volatility of the bond market, Christian cannot run the risk of delaying the closing of the 2005 loan while more current financial data is compiled. Having considered Christian's requested deviation, the Commission has determined that good cause for granting the deviation has been presented, and that there is sufficient financial information in the record for it to render a decision regarding the proposed KRWFC loan.

The loan proceeds of \$3,305,000 and internal funds of \$345,531.90 will be used to pay all issuance costs, fund the debt service fund, and refund Christian County Water District Waterworks Revenue Bonds, Series 1999, dated October 1, 1999, in the original principal amount of \$3,460,000 ("1999 Bonds"). The 1999 Bonds are currently held on the open market. Christian estimates that the proposed refunding will result in gross cash savings of \$905,872.36 with a net present value benefit of \$420,468.59.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that Christian's proposed KRWFC loan is for a lawful object within its corporate purpose, is necessary, and appropriate for and consistent with the proper performance of its service to the public, will not impair Christian's ability to perform that service, is reasonably necessary and appropriate for such purpose, and should therefore be approved.

IT IS THEREFORE ORDERED that:

1. Christian's motion to deviate from Administrative Regulation 807 KAR 5:001, Section 6, is granted.
2. Christian is authorized to obtain the KRWFC loan, but only under such terms and conditions that will produce positive net present value savings.
3. If the actual terms and conditions of the KRWFC loan differ from those set forth in the application, Christian shall, within 30 days of obtaining the loan authorized in this proceeding, file with the Commission amortization schedules and workpapers showing the gross and net present value savings that resulted from refinancing of the 1999 Bonds.
4. Christian shall, within 30 days of obtaining the KRWFC loan authorized herein, file with the Commission a statement setting forth the date the loan was obtained, the actual interest rates, and the principal amount.
5. The proceeds from the transaction authorized herein shall be used only for the lawful purposes specified in the application.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 7th day of October, 2005.

By the Commission

ATTEST:


Executive Director

Case No. 2005-00391